

AMENDMENT NO. _____

Signature of Sponsor

FILED

Date _____

Time _____

Clerk _____

Comm. Amdt. _____

AMEND Senate Bill No. 1720 House Bill No. 1690

by deleting Sections 1 and 2 in their entirety and by substituting instead the following:

Section 1. As used in this act, unless the context otherwise requires:

(a) "Electric cooperative" means an electric cooperative or electric membership corporation, whether organized or operating under the provisions of Tennessee Code Annotated, Title 65, Chapter 25, or similar statutes of any other state, which distributes electric power purchased from the Tennessee Valley Authority (TVA).

(b) "Interlocal agreement" means an agreement authorized by Tennessee Code Annotated, Title 12, Chapter 9, or by this act, or by both.

(c) "Municipal utility" means any governmental entity as defined in Tennessee Code Annotated, Section 29-20-102, having a system for the distribution of electric power whether operated under the authority of a board of the governmental entity, by a department of the governmental entity or under the authority of a board created pursuant to the Tennessee Municipal Electric Plant Act, or by the authority of any other law of the State of Tennessee, and that operates an electric generation or distribution system which distributes electric power purchased from the Tennessee Valley Authority; and shall also include any municipality, county or other political subdivision of another state, whether operated under a board or as a county or municipal department, which distributes electric power purchased from the Tennessee Valley Authority.

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(d) "Association captive insurance company" means an association captive insurance company described in Tennessee Code Annotated, Section 56-13-102(4), operated by an association described in Tennessee Code Annotated, Section 56-13-102(3)(C).

Section 2. For the purpose of insuring or self-insuring the obligations and liabilities under Tennessee Code Annotated, Title 50, Chapter 6, municipal utilities and electric cooperatives are authorized to enter into interlocal agreements to pool their liabilities pursuant to the provisions of Tennessee Code Annotated, Section 29-20- 401, as if each electric cooperative were a "governmental entity" for purposes of Tennessee Code Annotated, Section 29-20-401, and as if each cooperative were a "public agency" for purposes of Tennessee Code Annotated, Title 12, Chapter 9, and under which the interlocal agreement is administered by an association captive insurance company or any of its affiliates or subsidiaries. The general assembly hereby finds and determines that participation in such interlocal agreements by electric cooperatives and municipal utilities provides a mutual benefit to help reduce the expense of operations of municipal utilities and electric cooperatives and hence reduces the cost of electricity for the citizens of Tennessee and hereby finds that all contributions of financial and administrative resources and associated costs and expenses made by a municipal utility pursuant to an interlocal agreement as authorized herein are made for a public and governmental purpose and that all such contributions benefit the contributing municipal

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utilities. To the extent that such interlocal agreements provide for the respective parties to indemnify or hold harmless each other from certain liabilities arising out of participation in the pooling agreement, such provisions are authorized in accordance with the foregoing findings of the general assembly.

Section 3. An association captive insurance company may directly or through an entity it may create and control, enter into agreements with participating governmental entities or electric cooperatives under Tennessee Code Annotated, Section 29-20-401, to serve as administrator or act as the special fund or legal or administrative entity of the pooled financial and administrative resources thereunder and under this act, and may charge fees and costs for such services as administrator, and may provide insurance or reinsurance for excess losses above such amounts as are retained by the pooled financial resources the same as if it were created by governmental entities under the provisions of Tennessee Code Annotated, Section 29-20-401(e), for such purposes an electric cooperative shall be deemed to be a governmental entity. To the extent that an association captive insurance company shall be deemed to become a party to an interlocal agreement, it shall be deemed to have the status of a public agency for such purposes. The administrative activities and operations of the fund or entity, whether by, through or under the direction or supervision of the association captive insurance company or otherwise, shall be subject to the provisions of Tennessee Code Annotated,

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Section 29-20-401(d), and certificates of compliance may be issued as authorized by Tennessee Code Annotated, Section 29-20-401(c) (2).

Section 4. Nothing in this act shall be construed to confer upon any electric cooperative any immunity from liability for damages for injuries to person or property granted to a governmental entity under the provisions of the Tennessee Governmental Tort Liability Act, nor to prevent a municipal utility from exercising any right, privilege or option it may have under the Workers Compensation Law.

Section 5. Nothing in this act shall preclude a municipal utility or electric cooperative from participating in any other insured, self-insured, or risk-pooling arrangement permitted under any other law of this State.

Section 6. Nothing in this act shall be deemed to be an implied repeal of any of the provisions of Tennessee Code Annotated, Title 65, Chapter 25.

Section 7. This act shall be liberally construed to permit electric cooperatives and municipal utilities to enter into agreements to pool their resources to provide for satisfaction of obligations under the Workers Compensation Law as if electric cooperatives were governmental entities under Tennessee Code Annotated Section 28-20-401 or public agencies under Tennessee Code Annotated, Title 12, Chapter 9.

Section 8. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or

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applications of the act which can be given effect with the invalid provision or application,
and to that end the provisions of this act are declared to be severable.

Section 9. This act shall take effect upon becoming a law, the public welfare
requiring it.